

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2114 – SB 2259

March 5, 2018

SUMMARY OF ORIGINAL BILL: Enacts the Complete College Tennessee Act. Restructures the financial aid requirements of the Tennessee Promise and HOPE scholarships by requiring the recipient to complete 30 semester hours in three consecutive semesters in order to receive the maximum scholarship award.

Requires the Tennessee Board of Regents (TBR) to manage the state community colleges and colleges of applied technology, which will be collectively known as the “College System of Tennessee.” Requires community colleges and technical schools to implement structured schedules based on the degree program of incoming full-time students no later than July 1, 2019.

Requires the Chancellor of TBR to submit a report to the Tennessee Higher Education Commission (THEC) and the Education Committees of the General Assembly outlining the completed implementation of structured scheduling at each of the community colleges and Tennessee Colleges of Applied Technology (TCAT) campuses no later than July 1, 2020.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures –

\$3,968,000/FY19-20/Lottery for Education Account

Exceeds \$3,968,000/FY20-21 and Subsequent Years/

Lottery for Education Account

SUMMARY OF AMENDMENT (014190): Deletes and replaces language in the original bill such that the amended bill restructures the financial aid requirements of the Tennessee Promise and HOPE scholarships by separating requirements for students enrolled at a two-year postsecondary institution and students enrolled at a four-year institution to continue to receive the maximum award amounts for the Tennessee Promise and HOPE scholarships.

Establishes, to continue to receive the maximum Tennessee Promise scholarship award at a public two-year postsecondary institution, a student must have completed at least 30 hours within three consecutive semesters, beginning with the student's semester of initial enrollment. The maximum award for a student who has not completed at least 30 hours within three consecutive semesters, beginning with the student's semester of initial enrollment, shall thereafter be reduced by \$250 per semester, unless the student's award is less than \$250, in which case it shall be for that lesser amount; provided that a student's award shall only be reduced during the first two semesters of the following three-consecutive-semester period.

HB 2114 – SB 2259

Establishes, to continue to receive a Tennessee HOPE scholarship at a public four-year postsecondary institution or an eligible independent postsecondary institution: a student is required to continue to meet all applicable nonacademic requirements for the scholarship and required to reapply for the scholarship upon attempting 24, 48, 72, 96, or any subsequent multiple of 24 semester hours. Requires a 2.75 grade point average at the end of the semesters in which the student has attempted a total of 24 and 48 semester hours.

Establishes, to continue to receive a Tennessee HOPE scholarship at a public two-year postsecondary institution a student is required to reapply for the scholarship pursuant to Tennessee Student Assistance Corporation (TSAC) rules, and is required to meet all applicable nonacademic requirements. Requires a 2.75 grade point average at the end of the first and second three-consecutive-semester periods.

Establishes, to continue to receive the maximum Tennessee HOPE scholarship award at a public two-year postsecondary institution, a student must have completed at least 30 hours within the student's initial three-consecutive-semester period of enrollment. The award amount for a student who has not completed at least 30 hours within the initial three-consecutive-semester period shall thereafter be reduced by an amount of \$250 per semester, unless the student's award is less than \$250 in which case it shall be for that lesser amount; provided that a student's award shall only be reduced during the first two semesters of the second three-consecutive-semester period.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Expenditures – Net Impact –

**\$1,661,400/FY19-20/Lottery for Education Account
Exceeds \$1,661,400/FY20-21 and Subsequent Years/
Lottery for Education Account**

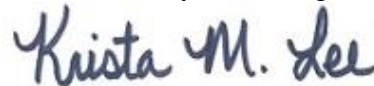
Assumptions for the bill as amended:

- The proposed legislation will require Tennessee Promise and HOPE scholarship recipients to complete 30 semester hours in three consecutive semester periods. Failure to complete 30 semester hours in a 12-month period will result in a reduction of the Tennessee Promise or HOPE scholarship by \$250 per semester.
- There will be no fiscal impact in FY18-19 as a result of the proposed legislation being phased in and entering freshman will be working towards completing 30 hours to maintain their full scholarship award amount in FY19-20.
- Based on the information provided by the TSAC, there will be an estimated 3,735 Tennessee Promise and HOPE recipients who will not complete the proposed 30 semester hours in a 12-month period requirement and will lose \$500 of their award in FY19-20.
- The decrease in state expenditures from the Lottery for Education Account (LFEA) in FY19-20 is estimated to be \$1,867,500 (3,735 award recipients x \$500 award reduction).

- As these changes are fully phased in, the number of award reductions will increase.
- The decrease in state expenditures from the LFEA is estimated to exceed \$1,867,500 in FY20-21 and subsequent years.
- Based on information provided by TSAC, additional personnel will be required to effectuate the provisions of the proposed legislation.
- TSAC will require one software analyst developer position, one senior business analyst position, and one quality analyst position.
- The starting annual salary for one software analyst developer position is \$60,000.
- The recurring increase in state expenditures from the LFEA for one software developer position is estimated to be \$76,881 (\$60,000 salary + \$16,881 benefits).
- The starting annual salary for one senior business analyst position is \$54,132.
- The recurring increase in state expenditures from the LFEA for one senior business analyst position is estimated to be \$70,039 (\$54,132 salary + \$15,907 benefits).
- The starting annual salary for one quality analyst position is \$44,844.
- The recurring increase in state expenditures from the LFEA for one quality analyst position is estimated to be \$59,210 (\$44,844 salary + \$14,366 benefits).
- The total recurring increase in state expenditures from the LFEA for three positions is estimated to be \$206,130 (\$76,881 + \$70,039 + \$59,210).
- In FY19-20, the net decrease in state expenditures from the LFEA is estimated to be \$1,661,370 (\$1,867,500 - \$206,130).
- In FY20-21 and subsequent years, the net recurring decrease in state expenditures from the LFEA is estimated to exceed \$1,661,370.
- Based on the information provided by TBR, TBR currently manages the community college system. Therefore, policies under the provisions of the proposed legislation will be adopted and performed during TBR's normal course of business. Any fiscal impact to TBR or its operations is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp